

Best Practices at Magma Copper

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Magma Copper represents an extraordinary case where company management and union leadership forged a revolutionary cooperative partnership in order to boost productivity and improve employment security. In the process, the company remade itself into one of the best and most efficient copper producers in the world. To accomplish this remarkable transformation, the workers and managers at Magma set out to develop new institutions and new practices:

- Union and company representatives at the highest level of the enterprise came together to form a Joint Union-Management Coordinating Committee (JUMCC) through which they could discuss and implement a vast array of new projects and work redesign efforts. The Regional Director for the United Steelworkers and the head of Labor Relations for the company served as co-chairs of the JUMCC.
- "Breakthrough Business Projects" in all facets of company operations -- from the underground mine to the copper refinery -- involved workers and managers in a continuous process aimed at increasing production and making jobs better for workers. This often involved joint agreement to set aside contractual prohibitions and work rules that hindered improved productivity and company survival.
- A gainsharing plan targeted at rewarding workers and managers for their work-redesign efforts resulted in large quarterly bonuses tied to steep reductions in operating costs.
- Union and company representatives agreed to an unprecedented 15-year labor agreement that covered the expected life of the copper mine. This agreement allowed the parties to re-negotiate monetary issues after five years, but the sixth and seventh years of the agreement mandated that an arbitrator resolve any differences in those negotiations. In essence, the agreement prevented strikes for seven years.

- As for labor relations, traditional collective bargaining and grievance handling mechanisms were put aside as the parties used the JUMCC and work teams to resolve disputes. The new contract itself was developed through the joint relationship rather than through traditional collective bargaining.
- Company and union representatives joined together to create a new company charter and mission statement that encouraged all employees and company executives to work together and share responsibility for the economic or production challenges before them.
- Work processes and organizational structures in numerous company operations were totally reengineered so that workers and managers at all levels of the work group could communicate directly with each other.

These achievements did not come easily, as both company and union representatives had not only to build a relationship between themselves but also build support for these initiatives within their own ranks. Some of the tools they used to accomplish the above practices included:

- Meetings coordinated by outside consultants that allowed the parties to shed their animosities towards each other.
- Training in team operations attended by both the managers and workers in a production unit and encouragement of individuals to come forward with their own ideas about how work processes could be redesigned.
- Specialized training for company managers on replacing unilateral and hierarchical control over the workforce with new cooperative managerial practices.
- Replacement or transfer of company executives who did not support the new relationship.
- Use of the "Breakthrough Business Projects" and the resulting improvement in working conditions as incentives for workers at other parts of the company to adopt the new work processes.

- Appointment of specialized coordinators and the development of a specialized executive office from the ranks of both union and company representatives to support the joint relationship. Both of these entities maintained continuity in the joint relationship when new union leaders were elected, and they each provided coaching and facilitation to work teams as they began their work redesign efforts.
- Appointment of workers and managers from each division within the company to develop gainsharing plans that were targeted to those divisions.
- Company officials opened their books and meetings to union officials.
- Creation of a centralized forum -- the "Voice of Magma" -- where workers, unions, and the company could meet, discuss, and create as equals the future goals and projects of the company.
- Follow-up workshops attended by over 80 percent of the workforce to determine how to implement and act on the corporate charter and mission statement in their particular work teams.
- Use of the "Voice of Magma" forum to develop the communication and leadership skills of the workforce.